—News in brief—

Officers elected at NACDS meet

PALM BEACH, Fla.—In addition to naming Robert Long, president and ceo of Longs Drug stores, chairman of the National Association of Chain Drug Stores, members last month also elected James I. Harrison Jr. president of Harco Drug Inc., vice chairman and Alex Grass, chairman, president and ceo of the Rite Aid Corporation, treasurer.

Harrison, who just completed a term as treasurer, has been a member of the NACDS Board since 1978 and a member of the executive committee since 1980. Grass has been a board member since 1972 and an executive committee member since 1980.

In other business, Sydney J. Besthoff III, president of K & B Inc., and Richard E. George, president of Osco Drug Inc., were elected to the executive committee. They replace Sidney Dworkin, chairman, president and ceo of Revco Inc., and Stewart Turley, chairman and president of the Jack Eckerd Corp.

Seven board members were re-elected. They include: James B. Armor, president Thrift Drug; M. Lamont Bean, chairman and ceo Pay 'n Save Corp; Stanley Goldstein, president, CVS; E. B. Hart, chairman, president and ceo, Pay Less Northwest; Ray A. Shapero, chairman and ceo, Quael Corp; C. R. Walgreen III, chairman, Walgreen Co., and Gerald Wolken, president, SupeRx Drugs.

Denis Ribordy, founder and president of Ribordy Drugs, was elected to the board to fill the post just vacated by Abe Allen, Allied Pharmacies.

Black ink predicted for Trak Auto

NEW YORK—Trak Auto West, the auto parts and accessories chain jointly owned by Thrifty and Dart Drug, "has not turned the profit corner," but is expected to break even this year, Thrifty chairman Leonard H. Straus told security analysts here this month.

Straus said that the combined pretax loss of $2.5 million from the Trak Auto West operation was due in part to the considerable investment involved in opening the auto chain's 148,000-sq.-ft., state-of-the-art distribution center as well as a less than effective advertising program.

A new advertising campaign and an auto aftermarket industry in southern California that is projected to grow to "double the size of the drug store business," has left Straus "still very confident that Trak Auto West will do the volume."

Thrifty and Dart currently operate 40 Trak Auto West stores in the Greater Los Angeles Area. Ten new stores will be opened by Aug. 31. Thrifty president Richard Eils said that there may be as many as 60 Trak Auto West stores by year-end and 100 units by August 1985.

Similar expansion plans have been laid out for Crown Books, the discount book store chain of which Thrifty and Dart each own 34%. There are currently 162 Crown Book Stores in operation. By year-end, the number of book stores may reach 222, Eils said.

Thrifty's other major specialty retailing venture will also be expanded. Seven new Big 5 sporting goods stores will be opened this year and at least 10 are planned for 1985.

In addition to specialty retailing, Thrifty operates 26 fountain and coffee shops, an import business, a realty division and film processing and ice cream manufacturing operations.

Promotions announced at Longs

WALNUT CREEK, Calif.—Philip E. Paz has been promoted to vice president of merchandising and sales development at Longs Drug Stores.

Paz, who has been with Longs since 1967, was previously vice president and district manager of Longs Peninsula district.

Robert Wilson, who had been a store manager in that district, was promoted to district manager.

Napoli named exec vp at Medi-Save

BATON ROUGE, La.—Carl J. Napoli Sr., of Medi-Save Pharmacies Inc., has been promoted to executive vp, according to Ed Hiller, president of the 108-store chain.

Napoli joined Medi-Save in 1962 when the company operated four leased pharmacy departments in Louisiana. He was named vp of merchandising and marketing in 1974, and received another promotion to senior vp of marketing in 1982, a position he held prior to his recent promotion.

A Baton Rouge native, Napoli graduated from Northeast Louisiana State University with a B.S. degree in pharmacy.

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Long pledges to expand current NACDS policies

PALM BEACH, Fla.—Robert M. Long, who succeeds Henry Panasci Jr. as chairman of the National Association of Chain Drug Stores, is perceived by his colleagues as a "gentle, quiet man, not especially fond of the spotlight, dedicated to his family, his business and the industry at large."

Long, who has four children—two girls and two boys aged 3½ through 13—is admired both for his business finesse and for his service to the association.

Those who know him use words like "dedicated, kind," but also "private" and "sort of shy."

In his current role of NACDS chairman, Long sees himself as a sort of agent of the past, "an extension" of what Panasci, Bob Bolger and the NACDS staff have already accomplished and hope to continue to accomplish.

"I'm going to be concentrating primarily on the programs we are in the process of implementing," he says, "rather than make drastic changes in other directions."

Long, who has been a member of the NACDS staff board since 1977, has served on its executive committee for three years from 1979 through 1982.

He believes his past service along with his work with Panasci, Bolger and Sid Dworkin lends "stability" to his current service and helped prepare him to move in directions that will facilitate "the growth of the organization."

Robert M. Long, president and ceo of Long's Drug Stores assumes the chairmanship of the National Association of Chain Drug Stores from outgoing chairman Henry Panasci Jr., chairman and ceo of Fay's Drug.

"We're putting our effort into building a team," he says. "When you start out to develop something, you don't want to make any major changes, you want to bring things to fruition. I'm going to carry on from Henry, just as Jim Harrison, my successor, will go on to carry on from me.

"We believe in motion and evolution but new things should be planned and phased in."

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E-Ferol probe leads F.D.A. to toughen drug guidelines

WASHINGTON—Top Food and Drug Administration officials have announced plans for tough new internal guidelines on "unapproved" drugs in the wake of recent infant deaths associated with E-Ferol intravenous vitamin E solution.

But Congressional outrage over F.D.A.'s "bureaucratic blundering" and the failure of the drug's distributor to report fatal reactions to the agency may generate fresh Capitol Hill support for new Federal drug liability laws, some industry legislative experts predict.

The drug, which was manufactured by Revco's Carter-Glogau division but distributed by Missouri-based O'Neal, Jones and Feldman, has been linked to the deaths of some 38 infants over the past six months as well as to "serious and perhaps life-threatening adverse reactions" in more than 40 other babies.

Although other vitamin E dosage forms, including injectible versions, have been used for years to provide essential nutrients to premature or "low birth weight" (LBW) infants, E-Ferol was the first intravenous form to be marketed.

O'Neal, Jones and Feldman introduced the drug last October without seeking F.D.A. approval. And although Federal drug regulators became aware of the product's unapproved status last year as a result of inquiries from pharmacists and hospital officials, F.D.A. staffers decided that E-Ferol was sufficiently similar to older (pre-1962) nonintravenous vitamin E drugs to justify its marketing without an approved New Drug Application (NDA).

"With the benefit of hindsight, we can conclude that E-Ferol should not have been regarded as being similar enough to existing products" to be excused from the NDA process, F.D.A. Acting Commissioner Mark Novitch told Congress earlier this month.

But while Novitch admitted that F.D.A. "failed badly" in its handling of the vitamin E situation, he also suggested that the distributor withheld evidence of infant fatalities which would have triggered immediate agency action against the drug.

On April 6—three days before F.D.A. declared E-Ferol to be an illegally marketed, unap-

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New prototype pays off

Perfecto helps boost Thrifty sales

NEW YORK—After five consecutive years of declining drug store sales increases on a same-store basis, the Los Angeles-based Thrifty Corp. has apparently reversed the downward trend.

Through the first six months of fiscal 1984, ended Feb. 29, 1984, same-store sales increased 10.6%, a marked improvement over the 6.8% increase registered during fiscal 1983 and close to the 11.9% gain posted in 1979 and Thrifty's best year-to-year increase in the last 10 years.

Speaking before a group of security analysts earlier this month, Thrifty chairman and ceo Leonard H. Straus said the improvements in its drug store division have come in part from "much larger sales and profit gains" in Thrifty's Perfecto prototype stores, which now constitute nearly 55% of the chain's 539 drug stores. Average store sales last year were just over $2 million.

"We believe that Thrifty stands at the threshold of a much more explosive profit and sales trend than we have ever experienced," said Straus.

Richard G. Eils, president and coo of the diversified drug chain, told analysts that nearly all of the company's drug stores will be converted to the smaller 18,000-sq.-ft. Perfecto prototype by fiscal 1988. While converting approximately 50 stores a year to the Perfecto format, Eils said that the chain also "will accelerate store openings to a minimum of 25 a year," beginning in 1985. He added that approximately five existing Thrifty stores will be shuttered each year.

The Perfecto stores, in addition to featuring a brighter decor package, lower gondolas and greater self-service merchandising, carry average inventories valued at $345,000.

Thrifty has also taken steps toward improving its pharmacy operations, which has been a problem for the chain in past years. Through aggressive price promotion, pharmacy sales have grown from 9% of Thrifty's volume to 14% last year. As part of an overall program to obtain greater productivity from its pharmacists,

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FINANCIAL

Bindley Western net hits $1.02M in 1st qtr.

INDIANAPOLIS—Bindley Western, the wholesaler whose primary business is pharmaceutical sales to large chains like Eckerd, Revco and Rite Aid, posted an 81% increase in net earnings for the first quarter ended March 31.

The company reported that earnings rose to $1.02 million on sales of $131 million, up 12%. It was the first time in the company history that earnings surpassed the $1 million mark in a single quarter. Earnings per share rose to 32¢ from 26¢ in the year-earlier period.

William E. Bindley, chairman and ceo, said that March sales "were the highest for any month in our history and include the addition of several new key customers and better than anticipated volume in the new Dallas distribution center."

The wholesaler, which operates on extremely thin margins, also reported that gross margins for the quarter increased to 2.2% from 2% in the same period last year.

For the current fiscal year, the company has announced "some rather ambitious objectives." According to Bindley, "To insure that we will be able to efficiently and economically handle our growth objectives, we have devoted much of our energies and efforts in the first quarter to the development and implementation of new management information and reporting systems.

Bindley also announced that Bindley Western Industries stock began to be traded on the NASDAQ National System.

Kroger profits drop 12.8%, but SupeRx still 'improving'

CINCINNATI—While operating earnings of Kroger's SupeRx Drug division "continued to improve" in the first quarter, the parent company reported a 12.8% decline in net profits.

Kroger's earnings for the quarter fell to $18.8 million from $21.5 million in the year-earlier period. Sales rose to $3.6 billion from $3.4 billion, a 7.3% increase. Earnings per share declined 8.7% to 42¢ from 46¢ a year earlier.

Lyle Everingham, chairman of the company, said that while earnings were "still not what they should be," he was "encouraged by the strengthening trend of both sales and earnings during the first quarter.

"Frankly, we anticipated that the first quarter would fall even further below last year's results," Everingham said. "But our sales showed increasing momentum as the quarter progressed."

The chairman pointed to several factors that contributed to the "strengthening results." They included improving sales in major markets, an easing of intense price competition in some markets, profit from debt reduction and the impact of stringent cost-containment measures.

In addition to the improving results in the SupeRx division, the company also said sales and earnings of Dillon Companies "were above expectations in the quarter."

Stop & Shop sets dividend

BOSTON—The board of directors of the Stop & Shop Companies, parent of Medi-Mart Drug Stores, declared a dividend of 25¢ a share, payable to stockholders of record at the close of business on June 8.

The new dividend represents an increase of 33% above the 18.75¢ that has been paid each quarter since July 1983.

Pay 'n Save dividend

SEATTLE—The Pay 'n Save board of directors declared a quarterly dividend of 15¢, payable to stockholders of record on March 15. The dividend will be paid on June 15.

Dart, Thrifty lead chain drug stock gains

		STOCK PRICE							TREND TO MARKET				EARNINGS/SHARE					P/E	DIVIDENDS			FINANCIAL POSITION					
		4/20/84—5/7/84							Price Trend (% per day)		Volume Trend (% per day)			Latest 12 Months vs Preceding 12 Months Change					Indicated Dvd Rate			Last Fiscal Year			Last Fiscal Year (Per Share)		
Name	Symbol	High	Low	Close	Change Amt	Change Pct	52-Week High	52-Week Low	Last 30 Days	Last 5 Days	Last 30 Days	Last 5 Days	Last Fiscal Year	Amt	Pct	5-Year Annual Growth Rate	Profit Margin	Latest P/E Ratio	Amt	Yield	Last X-Dvd Date	Revenue	Earnings	Current Ratio	Long Term Debt	Common Stock Equity	Last Balance Sheet Date
—	—	$	$	$	$	%	$	$	%	%	%	%	$	$	%	%	%	—	$	%	—	$ Mil	$ Mil	—	$	$	—
Chain Store transactions																											
Adams Drug	ADG	15.00	13.50	14.00	-1.00	-6.67	24.88	12.63	.02	-.27	-.89	-19.92	1.74	.62 F	55.3	40.0	2.4	8.0	.04	3	03-09-84	302.1	7.1	2.8	8.00	9.74	1282
Am Stores	ASC	33.50	29.00	31.63	2.50	8.58	44.00	26.34	-.11	-.25	.37	19.28	3.61	.92 F	34.2	62.0	1.5	8.8	.64	2.0	03-22-84	7983.7	117.9	1.4	11.95	12.14	0183
Begley Drug	BGLY	16.00	15.75	16.00	.00	.00	24.00	15.75	-.07	.34	2.99	53.33	1.47	1.46 N	NC	-10.0	1.4	11.0	.68	4.3	04-13-84	56.8	.8	1.8	11.50	17.52	0383
Big B	BIGB	10.75	9.88	10.50	.13	1.20	14.50	9.06	-.16	.33	-2.88	-13.06	.53	.14 F	35.8	22.0	3.0	19.8	.00	.0	09-21-83	117.0	3.5	2.3	.18	3.88	1283
Dart Drug Corp	DRUGA	94.00	80.00	85.00	21.00	32.81	148.00	57.00	1.22	-1.06	7.86	-1.01	5.43	6.32 N	207.2	67.0	3.1	9.1	.13	2	03-05-84	291.8	9.1	2.0	12.01	28.91	0183
Drug Sys	DRGS	5.50	4.75	5.25	-.25	-4.55	9.31	4.75	-.82	2.26	-.80	46.67	.55	.65 N	NC	NC	2.6	8.1	.00	.0	01-25-84	26.7	.7	2.8	2.40	3.12	0383
Eckerd, Jack	ECK	24.25	22.13	23.50	.63	2.73	34.75	21.63	-.18	.82	2.87	8.60	1.91	.30 S	16.3	6.0	3.1	11.0	1.00	4.3	03-12-84	2325.0	71.7	2.0	.30	15.17	0783
Fay's Drug	FAY	9.88	9.25	9.63	.13	1.32	14.50	8.81	-.38	-.33	-4.09	-14.76	.60	.13 F	27.6	56.0	2.6	16.0	.14	1.5	03-19-84	312.4	8.1	1.7	1.78	3.82	0184
Genovese Drug	GDX	13.50	13.00	13.13	.00	.00	20.50	10.19	-.19	.07	-2.68	12.07	.96	.29 F	43.2	99.0	2.0	13.7	.20	1.5	03-29-84	193.8	3.9	1.7	1.90	4.95	0183
Hook Drugs	HOOK	22.75	21.00	22.50	1.25	5.88	29.75	18.50	.23	.18	.89	-39.88	2.01	.49 F	32.2	7.0	2.7	11.2	1.00	4.4	04-09-84	320.5	8.7	1.7	2.86	9.37	1282
Longs Drg Strs	LDG	39.50	37.75	39.25	-.25	-.63	50.13	37.75	-.37	.69	5.02	20.40	3.43	.51 F	17.4	10.0	3.0	11.4	1.12	2.9	02-29-84	1214.4	36.4	1.8	.00	18.76	0183
Pay N Save	PAYN	18.50	17.00	18.50	1.00	5.71	28.75	17.00	-.65	.33	1.02	18.47	2.02	.61 F	43.2	1.0	2.5	9.2	.60	3.2	02-17-84	1220.5	30.1	2.3	17.01	14.32	0183
Pay Less NW	PAY	16.75	16.13	16.50	.13	.76	20.19	14.00	-.11	.57	-1.79	19.64	1.35	.28 F	26.1	1.0	2.9	12.2	.34	2.1	06-18-84	852.9	24.7	2.0	5.26	6.07	0183
Perry Drug	PDS	16.13	15.50	16.00	.25	1.59	22.38	14.00	.19	.83	6.81	-68.01	1.02	.37 Q	50.0	11.0	1.6	14.4	.24	1.5	02-21-84	285.5	4.5	2.2	2.78	9.75	1083
Revco Drug	RDS	27.50	24.75	27.00	1.25	4.85	37.50	24.00	-.98	.67	4.28	-22.28	2.13	.56 N	29.7	24.0	3.7	11.1	.68	2.5	02-17-84	1792.8	66.5	2.5	1.33	11.59	0583
Rite Aid Corp	RAD	20.63	18.50	20.50	1.75	9.33	23.44	17.88	.24	.27	-4.36	-35.04	1.47	.29 F	24.5	31.0	5.1	13.9	.41	2.0	04-10-84	1223.3	62.2	1.7	.59	6.19	0283
Thrifty Cp	TFD	15.63	12.75	15.00	1.50	11.11	25.25	11.50	.59	-.59	-2.91	-42.65	1.13	.28 S	28.0	19.0	1.9	11.7	.52	3.5	05-04-84	1187.8	22.5	1.5	5.39	6.83	0883
Walgreen Co	WAG	36.13	33.00	35.00	1.25	3.70	40.38	30.00	.10	-.31	-.61	-6.40	2.24	.46 Q	24.4	34.0	2.9	15.0	.72	2.1	05-14-84	2360.6	69.0	1.6	1.76	11.47	0883
Wholesaler's transactions																											
Bergen Bruns	BBCA	25.00	22.75	24.75	.63	2.59	39.50	21.00	-.03	.67	.69	23.83	1.60	.22 S	14.6	38.0	1.4	14.4	.32	1.3	04-25-84	1452.0	20.0	1.6	1.22	9.99	0883
McKesson Cp	MCK	36.88	35.38	36.00	-.63	-1.71	51.00	32.50	.21	.54	-1.05	21.55	3.44	.38 N	11.7	5.0	1.6	10.0	2.40	6.7	02-24-84	4053.7	63.2	1.6	15.78	29.70	0383
Foxmeyer Cp	FOXM	25.00	24.50	24.75	-.25	-1.00	28.50	22.25	-.08	.52	-5.60	-37.63	94	1.43 N	NC	103.0	.7	17.3	.00	.0	00-00-00	351.1	2.3	2.2	15.38	3.87	0383
Ketchum	KCH	15.75	14.50	15.00	-.63	-4.00	21.00	11.13	-.27	-.08	-.58	48.53	89	.51 N	113.3	97.0	.4	15.6	.00	.0	09-26-83	211.4	.9	1.5	5.87	5.68	0483
Owens & Minor	OBOD	13.00	12.50	12.50	-.50	-3.85	19.25	12.50	-.34	.13	-1.14	13.58	1.41	.48 Q	53.3	12.0	1.2	9.1	.36	2.9	03-09-84	255.2	3.0	2.8	5.07	11.69	1283
Spectro Indus	SPO	20.38	19.00	20.00	.63	3.23	28.75	15.50	.41	.53	-9.65	20.74	1.35	.31 N	25.0	48.0	1.6	12.9	.14	7	03-30-84	339.1	5.4	1.7	2.86	7.24	0383
Manufacturer's transactions																											
Abbott Labs	ABT	44.38	42.50	43.50	.00	.00	53.38	36.25	.32	.03	-1.06	-6.96	2.86	.49 F	20.6	28.0	11.9	15.2	1.20	2.8	04-09-84	2927.9	347.6	1.9	4.00	11.71	1283
Am Home Prod	AHP	55.75	52.50	53.00	-.38	-.70	55.75	42.88	.11	-.61	.43	19.00	4.00	.41 F	11.4	17.0	12.9	13.3	2.64	5.0	02-06-84	4856.5	627.2	3.0	.00	13.14	1283
Baxter Travenol	BAX	18.63	16.63	17.38	.38	2.21	31.31	15.63	.14	-1.56	.61	-18.99	1.45	.23 F	18.8	28.0	11.8	12.0	.33	1.9	03-23-84	1842.5	218.1	1.7	1.60	8.17	1283
Block Drugs Co	BLOCA	27.25	27.25	27.25	.00	.00	34.47	23.31	-.06	.35	-6.59	5.56	2.85	.47 N	17.6	14.0	9.7	8.7	1.00	3.7	02-24-84	219.0	21.3	2.5	2.35	17.84	0383
Bristol-Myers	BMY	47.63	43.63	44.13	-2.75	-5.87	48.00	35.75	-.08	-1.08	.07	13.39	3.00	.41 F	15.8	19.0	10.4	14.7	1.60	3.6	04-02-84	3917.0	408.0	2.4	.71	13.99	1283
Carter-Wallace	CAR	23.38	21.38	22.50	.00	.00	28.75	18.00	-.02	.11	1.66	5.43	2.12	.31 N	15.5	35.0	5.7	9.7	.48	2.1	04-13-84	289.9	16.5	2.6	1.57	20.15	0383
Cooper Labs	COO	25.75	17.75	25.00	7.75	44.93	25.75	10.38	2.18	2.87	1.73	-8.20	NA	NA	NA	NA	NA	NA	.12	.5	03-[illegible]	NA	NA	NA	NA	NA	NA
Forest Labs	FRX	23.50	20.13	22.88	-.88	-3.68	40.75	16.13	1.02	1.49	1.32	11.13	.48	-.02 N	-3.5	57.0	13.4	42.4	.00	.0	[illegible]	18.6	2.5	3.7	.37	3.03	0383
ICN Pharm	ICN	7.25	5.75	6.75	.75	12.50	15.25	4.88	.04	1.55	5.09	13.50	.22	-.20 F	-47.6	33.0	5.1	30.7	.00	.0	0[illegible]0	37.0	1.9	1.8	.65	3.81	1182
Key Pharm	KPH	14.00	12.38	12.75	-1.13	-8.11	25.94	12.00	-.93	.12	-2.78	24.32	.51	.17 F	50.0	60.0	14.8	25.0	.16	1.3	03-12-84	127.3	18.8	1.6	.03	1.14	1282
Lilly Eli Co	LLY	64.88	61.50	62.00	-2.88	-4.43	68.38	56.75	-.04	-.37	1.53	-2.95	6.13	.71 F	13.0	12.0	15.1	10.1	2.90	4.7	05-09-84	3033.7	457.4	1.9	1.23	28.86	1283
Lee Pharm	LPH	3.00	2.50	2.88	.25	9.52	4.38	2.00	.17	1.01	2.85	-2.38	-.49	.54 Q	NE	-57.0	-14.3	NE	.00	.0	00-00-00	7.0	-1.0	2.6	.41	1.53	0983
Marion Labs	MKC	35.75	32.50	32.88	-2.13	-6.07	48.00	27.25	-.06	-.56	-5.26	8.70	.78	.43 S	72.8	15.0	8.2	32.2	.40	1.2	03-14-84	181.2	14.8	2.5	.05	5.93	0683
Merck & Co	MRK	97.25	89.50	89.75	-7.25	-7.47	104.63	83.63	-.13	-.30	-.35	-5.54	6.10	.49 F	8.7	7.0	13.9	14.7	3.00	3.3	03-01-84	3246.1	450.9	1.7	5.21	32.92	1283
Morton Thiokol	MTI	84.50	79.50	80.13	.13	.16	84.50	60.00	.56	-.26	-3.56	23.12	5.15	1.09 S	23.1	17.0	5.2	13.8	1.76	2.2	02-23-84	1509.2	78.5	1.4	8.90	32.79	0683
Newport Ph	NWPH	5.63	4.38	5.50	.75	15.79	11.38	4.38	-.18	.82	.72	4.30	-.03	-.09 N	NE	14.0	-3.4	NE	.00	.0	00-00-00	8.8	-.3	3.7	.24	1.12	0483
Pfizer Inc	PFE	35.00	32.50	33.75	.50	1.50	44.75	32.25	-.10	-.10	-.71	-23.35	2.73	.62 F	29.3	17.0	11.9	12.4	1.32	3.9	01-26-84	3750.0	447.1	2.1	3.03	13.67	1283
Reid Prov Labs	REID	4.25	3.50	4.25	.50	13.33	6.09	2.75	-.31	2.27	2.72	11.20	.10	.06 S	85.7	64.0	6.1	32.7	.05	1.2	12-09-83	11.4	.7	3.1	.03	.80	0683
Robins, AH	RAH	17.88	16.25	17.50	1.13	6.87	29.38	15.88	-.04	.24	2.40	5.24	2.40	.42 F	21.2	20.0	10.3	7.3	.68	3.9	05-04-84	563.5	58.2	3.2	1.30	13.99	1283
Rorer Group	ROR	32.88	30.38	30.88	.13	.41	34.25	25.25	.37	-.54	3.36	36.70	2.02	.22 F	12.2	11.0	8.9	15.3	1.08	3.5	05-04-84	475.3	42.4	2.0	2.18	10.43	1283
Scherer RP Co	SCHC	12.63	11.63	12.63	.13	1.00	29.63	11.63	-.39	.78	8.11	-14.25	1.13	-.39 N	-36.7	2.0	5.2	18.8	.32	2.5	03-14-84	169.7	8.8	2.5	4.57	10.88	0383
Searle, GD	SRL	42.63	41.13	42.13	.63	1.51	55.88	39.38	-.64	.32	-.43	10.99	2.39	-.17 F	-6.6	14.0	11.6	17.6	.52	1.2	02-06-84	946.0	110.0	2.2	4.10	13.32	1282
Squibb Corp	SQB	44.38	42.38	43.00	-.13	-.29	55.63	38.25	-.22	-.50	-2.22	-5.94	3.31	.30 F	9.9	6.0	9.8	13.0	1.44	3.3	02-10-84	1768.9	173.3	2.3	6.54	21.29	1282
Sterling Drug	STY	26.13	24.88	25.75	-.13	-.48	29.63	23.50	-.12	-.01	-.91	20.91	2.24	.07 F	3.2	8.0	7.2	11.5	1.16	4.5	05-01-84	1901.2	136.8	2.7	1.44	14.96	1283
Syntex Corp	SYN	44.88	40.75	43.00	2.25	5.52	61.50	37.75	.39	-.36	-.22	-8.00	4.30	.40 S	9.9	36.0	17.2	9.7	1.60	3.7	02-06-84	870.2	149.3	2.2	3.37	18.11	0783
Thompson Med	TM	23.50	21.13	22.75	1.50	7.06	26.00	12.75	.87	-.06	-.88	-9.74	1.65	.49 F	42.2	89.0	11.0	13.8	.40	1.8	03-26-84	149.4	16.5	4.5	.00	4.53	1182
Upjohn Co	UPJ	71.25	66.00	67.38	.88	1.32	72.25	50.75	.31	-.83	-1.64	-3.50	5.28	1.10 F	26.3	1.0	8.1	12.8	2.56	3.8	03-30-84	1986.1	160.2	2.2	18.02	34.74	1283
Warner-Lambrt	WLA	34.88	30.50	30.75	-3.50	-10.22	36.75	26.38	-.35	-.03	2.24	32.40	2.51	.46 F	22.4	-2.0	6.5	12.3	1.48	4.8	04-30-84	3108.3	200.5	1.9	7.53	17.75	1283

KEY: NA—Not Applicable NC—Not Calculable NE—Negative Earnings Q-First Quarter S-Six months N-Nine months F-Fiscal year
**—Other than a quarterly multiple resulting from a fiscal year change.*

Data and Table Provided by Media General Financial Services, Inc., Richmond, VA 23261

• Two industry experts debate the MAC issue—p. 18

PHARMACY ℞

Cool reception for Rx ads at D.C. meet

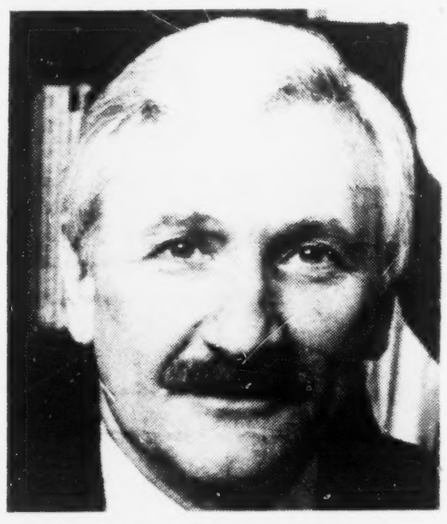
By Harold Cohen, R. Ph.

WASHINGTON—Direct-to-consumer prescription drug advertising, which many observers believe to be imminent, has received only weak support from involved parties who feel that there are still many unanswered questions which will delay its implementation.

That was the consensus of representatives of consumer groups, the medical profession, the pharmaceutical industry and Government officials who met in Washington last month for a two-day symposium. The purpose was to define and analyze the issue.

Organized by Professional Post Graduates Services Inc., the symposium was cosponsored by the University of Illinois and the Stanford Research Institute and aided by a grant from the Upjohn Company, a major opponent of direct-to-consumer ads.

"Our premise is that the concept should be tested and not simply debated in abstract."—**Gary Freedman, senior vp, Government and Public Affairs and division counsel, Ciba-Geigy Corporation.**



"Although the F.D.A. does not have a final position on the PDAC issue, I can teli you that we do have some serious concerns"—**Mark Novitch, acting commissioner of the F.D.A.**

"The promotion of drugs to consumers is not in the public interest"—**Fred Wegner, coordinator of the Prescription Drug Education and Information Project of the AARP.**

"Information regarding beneficial and adverse effects of prescription drugs will be particularly difficult to provide in the brief duration of a radio and television advertisement"—**Alan Nelson, M.D., member board of trustees, AMA.**

Setting the tone for the symposium was Dr. Mark Novitch, Acting Commissioner of the F.D.A., who said the agency has "some serious concerns."

F.D.A.'s hesitation arose out of random testing done by the Government agency in which approximately 1,500 subjects in Buffalo, Cleveland, Houston and Seattle were shown advertisements on television depicting fictitious prescription drug products and were asked to voice their opinions.

A major concern of the F.D.A. is how effective a brief television commercial can be in providing a balanced picture of

Continued on page 29

Lilly study: Belt tightening pays off for independents

NEW YORK—Although independent drug stores reported a higher average cost of goods sold last year, they were able to maintain their profit margins by trimming expenses.

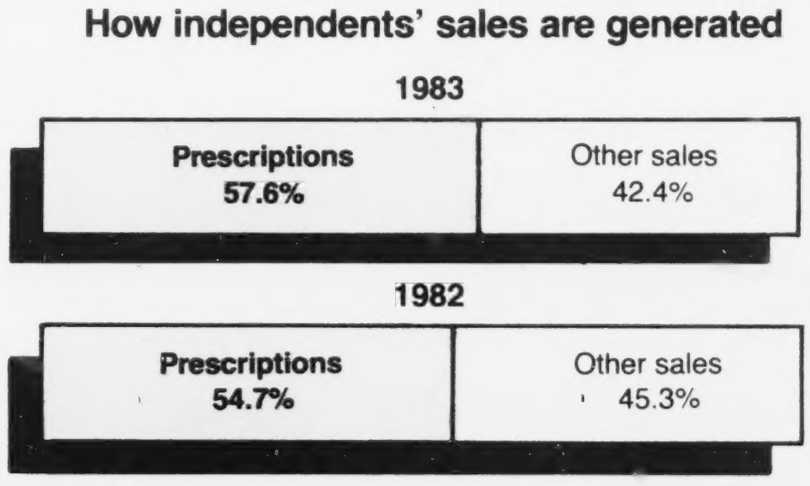
This was one of the findings of this year's Lilly Digest preliminary report on the 1983 operating results of 860 independent community drug stores nationwide.

According to the report, the gross margin of the average independent declined 0.4 of a percentage point to 33.2%, the lowest since 1953. But the average community pharmacy was able to shave its expenses to a new low of 30.3%.

The two offsetting factors left the average net profit margin, before taxes, intact at 2.9%.

The Lilly Digest also found that while average store sales increased only 8% during 1983, prescription sales rose by 13.5% over previous-year sales. As a result, the percentage of prescription sales to total volume climbed 2.9 percentage points to 57.6%.

How independents' sales are generated



Source: *Lilly Digest* preliminary report

Other findings from the report:

- While the average salaries of both proprietors/managers and employees increased last year, the percentage of salaries to total sales fell to 16.9% from 17.3%. The typical proprietor/

Continued on page 17

Pay Less, Bergen Brunswig venture

Billing process to trim Medi-Cal paperwork

SACRAMENTO, Calif.—Pay Less NW and Bergen Brunswig have been approved by the State of California Department of Health Services as providers for Medi-Cal's new pilot tape-to-tape billing project.

For Pay Less' 70 California stores, it's a three-step transition: from manual processing to tape-and-a-hard-copy to 100% tape.

"Earlier this year," says Tom Eilers, pharmacy systems buyer for Pay Less, "the state allowed providers to use hard-copy backup with tape-to-tape. The hard copy enabled us to handle edits and rejects expeditiously."

Eilers notes that "tape-to-tape does not change the procedures at the Pay Less pharmacy except to eliminate hard copies—and that reduces paperwork."

With the Pay Less on-line computer, the accummulated data from the pharmacies is transmitted on tape to Computer Science Corp. (CSC), the third-party intermediary under contract with the state. CSC loads the tape into its system, processes the claims, and sends the state a payment tape. The state then reimburses Pay Less.

As contrasted to the manual system, Eilers says there are 1% to 2% fewer rejections with tape-to-tape because "tape has been eliminated and therefore no human hands are involved."

Eilers also notes that reimbursements for Medi-Cal claims have been speeded up by one week. Pay Less processes

Continued on page 17

Pending drug price bill benefits public and retailers

BENCHMARKS

By Joseph Caputo, R.Ph.
Pharmaceutical Editor

Washington lawmakers occasionally come up with legislation that benefits consumers, the pharmaceutical industry and retailers alike. One such measure is now emerging. It has been called "the most significant drug legislation considered by Congress in over 20 years."

The House proposal, sponsored by Rep. Henry A. Waxman (D-Calif.), is the Drug Price Competition Bill. The Senate companion version is known as the Patent Restoration Bill.

Together, the two bills would effect a tradeoff between research-intensive pharmaceutical manufacturers seeking to extend the effective patent life of many of their valuable drug properties and generic drug makers, who have long been eager to create generic versions of pioneer drugs patented after 1962.

Waxman's bill would open the door for generic manufacturers to market their own versions of some 125 drugs formerly sold exclusively by their developers. It would do so by allowing the generic companies to submit Abbreviated New Drug Applications (ANDA's) for post-1962 drugs, where formerly they had to spend millions to prove the safety and effectiveness of the drugs before marketing them.

Waxman's bill would also speed the approval of multisource drugs by allowing generic manufacturers to import and test new drugs—but not market them—before the products' patents expire. The Food and Drug Administration would simultaneously be able to process ANDA's, but not approve them until after patent expiration.

The Senate bill would benefit marketers of branded pioneer drugs by extending effective patent life and thereby providing more time in which to recapture investment. Thus, it would offer an incentive to manufacturers to develop innovative new drugs, and the cycle toward eventual multisource availability would start again.

The patent extension part of this bill calls for a number of modifications in existing patent law. For example, pioneer drugs such as Feldene, Halcion and Cardizem, approved by F.D.A. in the "transition" period between Jan. 1, 1982, and the time of enactment would be afforded 10 years of market exclusivity. Drugs with 14 or more years of market exclusivity would not qualify for patent extension.

Patent extension for all other pharmaceuticals would depend on whether a drug was currently under F.D.A. review. For drugs not yet submitted for approval, the period of patent extension would be equal to the time required to review the New Drug Application (NDA) plus one-half the time required for the Investigational New Drug phase. Total extension time, however, would not exceed 5 years.

For drugs currently under F.D.A. review, a similar formula would be used except that only 2 years of extension would be granted. In both cases, effective patent life would not be extended beyond 14 years.

As generic firms make these products available to the public there will be more price competition than ever before. As a result, the public—especially that portion on fixed or limited incomes—will no longer have to make the desperate choice between eating decent meals and obtaining needed medications.

While the public is the ultimate beneficiary, retailers can also expect to gain from the higher price points of new products and the bigger gross margins of multisource drugs—and, of course, consumer goodwill.

PHARMACY

Independent stores tighten their belts

(Continued from page 13)

manager of a community pharmacy earned $31,663 in salary last year, compared to $29,965 in 1982, while employees' wages increased to $58,906 from $56,454.

- The value of total inventory at cost increased 5.2% in 1983 to $80,162 from $76,216 the previous year, but the annual inventory turnover rate increased to 4.6 times from 4.5 times. Of the total inventory cost, the sharpest increase was in prescriptions, up 12.1% to $33,238 from $29,642. The inventory value of other merchandise increased only 0.8% to $46,924 from $46,574.
- The number of new scripts as a percentage of the total increased to 49.1% from 48.8%, while renewals dropped 0.3 of a percentage point to 50.9%. The total number of prescriptions dispensed by the average pharmacy increased by 4.7% to 14,640 and the price of an average script was up 8.4% to $10.74.
- Average sales per sq. ft. increased 8.4% to $211.54.
- The average hours open per week remained constant at 62.

TRP reduces safety concern

WASHINGTON—Tamper-resistant packaging of over-the-counter drugs has produced a "substantial decline" in public concern over the safety of these products, a recently conducted Harris Poll found.

But consumers are "hardly at ease over this issue," and "half of all shoppers this year are still very concerned about tampering with nonprescription drugs," researchers at the Food Marketing Institute said.

A similar Harris survey sponsored by FMI last year revealed that 66% of the consumers polled were "very concerned" about drug tampering, while only 15% expressed little or no worry.

The 1984 survey results of interviews with more than 1,000 consumers indicate that 50% remain very concerned.

According to FMI research chief Tim Hammonds, the change is due at least in part to the rapid implementation of tamper-resistant packaging.

After the Tylenol poisonings in late 1982, "many manufacturers responded swiftly to consumer concerns by offering new tamper evident packaging for nonprescription drugs" and "the public responded extremely positively to this," he said.

Medi-Cal

(Continued from page 13)

over $4 million in third-party billings per year.

Bergen Brunswig has been on tape-to-tape with 20 different contractors for the past year in the following states: New Jersey, Washington, Oregon, Texas, Connecticut, Oklahoma, New York, Georgia, Maryland and Virginia.

Bergen's vehicle for Medi-Cal prescription input is its Compuphase in-store terminal. The terminal is hooked into a modem at Bergen's central CPU. The CPU puts the claims on tape and transmits them to the third-party intermediary.

Bergen charges its customers a processing fee of 12¢ per claim.

Craig Toyama, manager of marketing and sales for Compuphase, says that tape-to-tape has cut rejected claims from an average rate of 15% to less than 1%. "Principle reason," he says, "is that it's now easier to edit claims for errors and eligibility."

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*Note: The seriousness of gravidic herpes is recognized; this physician was referring to ordinary perioral cold sores.

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PHARMACY
Biologist Frank Young to head F.D.A.—p. 17

MERCHANDISER
OTC converts lead in cough/cold—p. 33

DRUG STORE NEWS

Vol. 6 No. 13 | Serving the Retail Drug Store Industry for 55 years | Published by Lebhar-Friedman Inc. | June 11, 1984

Melville's planned purchase of Freddy's marks the first acquisition of a single deep discount drug store by a major corporation.

Melville's acquisition of Freddy's viewed as deep discount test

By Jim Ricchiuti

ROCHESTER—Melville Corp., the diversified retail company whose holdings include CVS drug and health and beauty aids stores, will likely operate its newest subsidiary, Freddy's deep discount drug store, as a test before rolling out similar units in other areas.

In agreeing to purchase Freddy's, the Harrison, N.Y.-based specialty retailer became the first major corporation to enter the deep discount drug business by *acquiring* an independently operated store.

According to the terms of the agreement worked out between Melville and Fred Silverstein, one of the principals of Freddy's, Silverstein will continue to operate the 25,000-sq.-ft. store (20,000 selling) located in the Southtown Shopping Center in Rochester.

Reportedly, Melville will pay approximately $1 million in common stock, plus the inventory value of the store, estimated at more than $1 million, to acquire Freddy's.

Since opening the store nearly four years ago, Freddy's has become a considerable factor in the $190 million Rochester retail drug market. Sources say the store, which carries a wide variety of general merchandise as well as health and beauty aids, cosmetics, OTC drugs and food, does upward of $12 million a year.

A pharmacy department added after the store was already open generates approximately 300 to 400 prescriptions a day, one observer noted.

Given Melville's track record in expanding other specialty retail divisions it has acquired,

Continued on page 50

Longs beefs up mgm't. for strong market push

By Bruce Buckley

WALNUT CREEK, Calif.—Longs Drug Stores has reorganized its upper-echelon management team, signaling what the chain says is "a more aggressive posture in how we market our goods and services."

The key changes, according to Robert M. Long, president and ceo, are the creation of two new senior management positions, one in marketing and the other in development.

Heading the new marketing thrust is Steve Roath, former vp of professional affairs, whose new title is senior vp of marketing. Ron Plomgren, former vp of properties, will direct the new effort in overall development, also as senior vp.

Longs' new marketing strategy aims to increase the overall effectiveness of merchandising, redistribution and sales development through a unified approach.

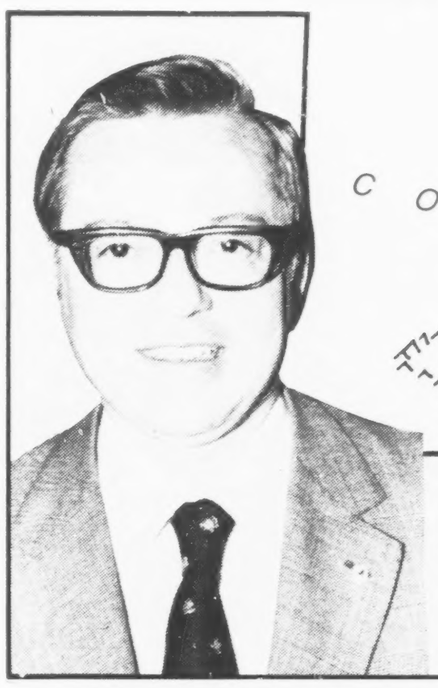
Development, the chain says, includes not only new store locations but also opportunities to branch out in certain areas, such as auto and greeting cards, based on the chain's expertise in drug store categories.

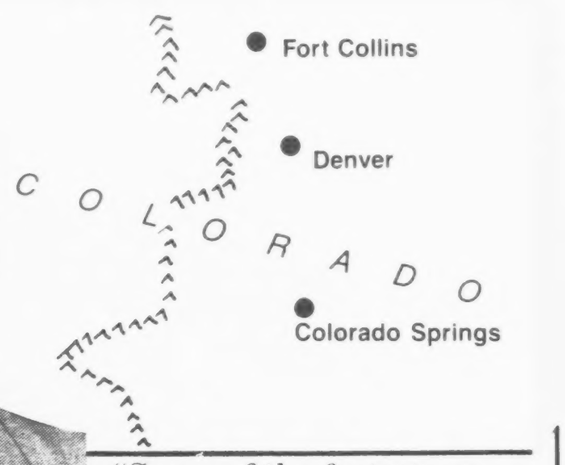
Analysts who follow Longs say the changes indicate not only a more aggressive stance but also a subtle shift in the chain's highly decentralized approach.

They say that Longs' top execs have realized that while the chain has evolved into a billion-dollar-plus company using its store-autonomy approach, future growth will depend on introducing a more coordinated effort.

Although Longs execs insist that store manager autonomy

Continued on page 49





"Some of the fastest growing cities are in Colorado and it appears that growth can be sustained."
Robert M. Long
president and ceo

Longs targets Colorado but avoids Denver heat

WALNUT CREEK, Calif.—Longs Drug Stores will launch at least two new stores in Colorado early next year, the first move in what observers believe will be a significant penetration into one of the nation's fastest growing states.

According to one source, the new stores will be located in Colorado Springs and Fort Collins. In both cities, the population grew by almost 60% between 1970 and 1980.

In addition to population growth, Robert M. Long, president and ceo, told shareholders at the company's recent annual meeting that Colorado's attractions include its rapidly growing economy, large and diverse labor pool and sizable number of new and affordable homes being built.

Continued on page 49

Pay 'n Save to cut Calif. stores to 11

By Lou Karney

SEATTLE—When the sale of six Pay 'n Save drug/home centers to Pay Less NW is approved by the Federal Trade Commission, it will reduce Pay 'n Save's California division to 11 stores.

According to industry observers, the sale also signals the beginning of the last act in the exodus of Pay 'n Save from California.

Executives at Pay 'n Save and Pay Less said they would have no statement until the FTC approved the deal, but the handwriting has been on the wall for several years, according to observers.

It took Pay 'n Save eight years to turn a profit in the Golden State, but since then the California operation has wavered back and forth from black ink to red.

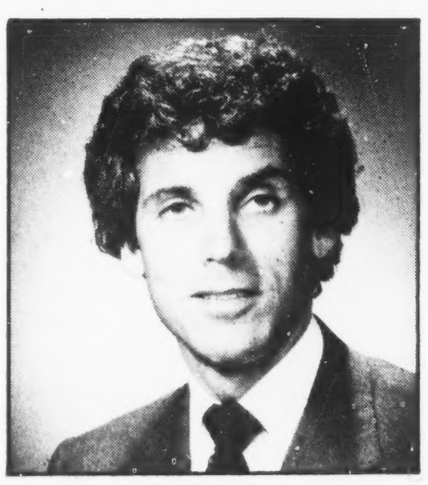
Says a competitor: "At the peak of the operation, Pay 'n Save had only 20 stores which were scattered over a 300-mile radius. They didn't have enough volume to operate a distribution center, so they bought from local wholesalers. And their advertising costs were high because the stores were so spread out. So they lacked economies of scale."

In addition, Pay 'n Save was forced to go head-to-head with two chains boasting the highest per-store volume in the country—Longs and Pay Less. If that weren't enough, Pay 'n Save lacked name identification in California, while Longs and Pay Less had been California institutions for decades.

But the biggest obstacle was pricing. According to a long-time California drug exec: "Pay 'n Save operated on gross margins of 29%-30%, while Longs' were 24%-25% and Pay Less's were 25%-26%. Pay 'n Save just

Continued on page 50

Sloan faces new challenges at Pay 'n Save



Stuart M. Sloan

SEATTLE—His supporters say he is intelligent, astute, innovative, honest, ambitious, indefatigable—and hates to fire anyone.

His detractors say he is arrogant, impatient, demanding and merciless in firing people.

Somewhere in between is the real Stuart Sloan, new executive vp of Pay 'n Save Corp.

But even his detractors admit that Sloan's track record as president of Schuck's Auto Supply (now a division of Pay 'n Save) is extraordinary.

In the 17 years that Sloan was at the helm of the auto chain, Schuck's grew from an eight-store chain with 42 employees, doing $1.3 million in sales to an organization with 58 stores, 700 employees, and which last year had sales of $60 million.

But the transition from Schuck's to Pay 'n Save hasn't been easy for Sloan. Shifting from an entrepreneur-type business to a billion-dollar corporation never is. As the top man at Schuck's, Sloan expected to report to chairman Monte Bean, the top man at Pay 'n Save. So when he was asked to report to vice chairman Cal Hendricks, he balked. Now he reports to Bean.

And there are other difficult adjustments to be made by Sloan. His biggest challenge in his new role will be to create an effective commu-

Continued on page 49

Late News

SUPERMARKETS GENERAL CORP., parent company of Pathmark food and drug stores, is holding merger talks with Purity Supreme, the Massachusetts-based operator of Pharmacity Drug Stores, Heartland Food warehouses and Heartland Drug.

PEOPLES DRUG STORES broke ground late last month for its new 525,000-sq.-ft. state-of-the-art distribution center in Fredericksburg, Va. The facility, scheduled for completion in June 1985, will serve Peoples stores in the mid-Atlantic region.

ACPE CONTINUING EDUCATION PROGRAM

New contact lenses and solutions—pp. 9-16.